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New York

SUMMARY RECORD OF THE 14th MEETING

Chairman: Mr. VILCHEZ ASHER (Nicaragua)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 10.20 a.m.

AGENDA ITEM 133: FINANCING OF THE UNITED NATIONS MISSION IN HAITI (continued)

Draft decision A/C.5/50/L.3

1. Miss PEÑA (Mexico) introduced the draft decision submitted by the Chairman, following informal consultations, on the financing of the United Nations Mission in Haiti (UNMIH) (A/C.5/50/L.3). In particular, she drew attention to paragraphs (a) and (c) thereof concerning the additional assessment and the level of commitments. She hoped that the draft decision would be adopted without a vote. As the Committee had decided to consider the future financing of the Mission in the light of the report on budget performance for the preceding period, she asked the Secretariat to complete the report as soon as possible so that it could be considered in informal consultations in conjunction with the corresponding report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ).

2. The CHAIRMAN said he took it that the Committee wished to adopt draft decision A/C.5/50/L.3.

3. It was so decided.

4. Ms. ALMAO (New Zealand), referring to the statement made at a previous meeting by the representative of the United States to the effect that his Government intended in future to pay only 25 per cent of the apportioned expenses of UNMIH and other peace-keeping operations, said that treaty obligations could not be abrogated by a unilateral announcement to any subsidiary body or organ of the General Assembly or by the decision of a single Member State or its national legislature. Articles 26 and 27 of the Vienna Convention on the Law of Treaties clearly enunciated the relevant rules of customary international law. If the United States chose not to meet its treaty obligations in full, its arrears would continue to grow and the provisions of Article 19 of the Charter of the United Nations would eventually become applicable. There should be no misunderstanding on that score.

5. Her delegation deeply regretted the statement made by the representative of the United States, which was neither in the interests of the United States nor in those of the Organization. As the representative of Australia had said at a previous meeting, speaking also on behalf of the delegations of Canada and New Zealand, reforms to achieve a more equitable scale of assessments could only be achieved through negotiations among all Member States in a spirit of consensus and cooperation. Her delegation would continue to work to that end on condition that existing obligations were maintained.

6. Mr. WANG Xiaochu (China) said he believed that the statement by the representative of New Zealand reflected the views of all Member States except the United States. His delegation had decided to join the consensus on the draft decision concerning UNMIH on the understanding that the existing scale of assessments for peace-keeping operations would be applied and that any unilateral decision by a Member State to reduce its contribution was null and

void. The scale of assessments could be revised only by a decision of all Member States after consultations in the General Assembly.

7. Mr. GOKHALE (India) said that his delegation associated itself with the sentiments expressed by the representatives of New Zealand and China. As a contributor of forces to UNMIH, India hoped that the mission would be fully financed and that there would be no unilateral decision by a State or group of States to withhold payment in view of the possible adverse impact on countries that had voluntarily provided troops and equipment for the operation.

AGENDA ITEM 117: IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS (A/48/565 and Corr.1 and A/48/460 and Corr.1; A/50/484, A/50/502 and A/50/666 and Corr.1 and Add.1; A/C.5/50/4)

8. Mr. CONNOR (Under-Secretary-General for Administration and Management) said that the Secretary-General's reports on improving the financial situation of the United Nations (A/50/666 and Corr.1 and Add.1) showed that uncollected assessments remained at unprecedented levels, notwithstanding the extra efforts made by some Member States. Regular budget cash had been depleted, forcing the Secretary-General to borrow from peace-keeping funds to meet regular budget obligations. Even with the payments received in recent weeks, it was estimated that additional borrowing to meet such obligations would amount to about $240 million by the end of the year.

9. Most payments to troop-contributing countries had been suspended since June 1995 owing to the high level of unpaid peace-keeping assessments. Initial reimbursements totalling about $250 million had, however, been made following the receipt of payments against peace-keeping arrears in excess of expectations from some Member States in September and October. Nevertheless, the sum owed to troop contributors was currently estimated at some $800 million and was expected to rise to $1 billion by the end of the year.

10. He conveyed the Secretary-General's appreciation to those Member States which had met their obligations under the Charter or had made special efforts to pay a significant part of their arrears.

11. The emergency cash conservation measures instituted by the Secretary-General would have a modest positive effect but they did not provide a long-term solution and might prove inadequate, even in the short term, if receipts during the rest of the year failed to meet current projections. The reports contained no new proposals for solving the financial difficulties. The situation was one that could only be addressed by the Member States.

12. Mr. MUÑOZ (Spain), speaking on behalf of the European Union, said that, in the view of the European Union, the Fifth Committee should hold informal consultations to establish guidelines for the Secretariat on the content and periodicity of its briefing of Member States on developments in the Organization's financial situation.

13. The Secretary-General's report provided disheartening data on the total amount of unpaid contributions as at 20 October 1995: 58.6 per cent of the regular budget assessment for 1995 and 62.3 per cent of the assessments for

peace-keeping operations issued over the previous 12 months. As at 30 September 1995, the States members of the European Union had paid up over 47.8 per cent of their assessed contributions in respect of both the regular budget and peace-keeping operations.

14. The European Union shared the Secretary-General's view that the Organization's financial problems could not be solved unless Member States discharged their financial obligations under the Charter of the United Nations in full, on time and unconditionally. It had made its position clear in the declaration by the Presidency on behalf of the European Union on the financial situation of the United Nations on the eve of the special commemorative meeting of the General Assembly to mark the fiftieth anniversary of the United Nations (A/C.5/50/4).

15. The European Union was encouraged by the reference in the Secretary-General's report to additional efforts by a number of Member States to pay some or all of their outstanding contributions to the regular budget. It was deeply concerned, however, that the estimated increase in outstanding contributions was largely due to reduced payments expected from the major contributor.

16. According to information released recently, the estimated economic benefits to the New York City area from its hosting of the United Nations included $3.2 billion in annual spending and 30,600 jobs yielding $1.2 billion in annual earnings.

17. While the European Union was aware that conditions beyond the control of Member States might explain delays in the payment of contributions, it viewed as unacceptable any unilateral decision by a Member State that implied non-fulfilment of its financial obligations. Moreover, Member States which paid promptly and in full were financing the debts incurred by those in arrears and they were doubly penalized through the withholding of reimbursements to troop-contributing countries.

18. With regard to the cash conservation measures adopted by the Secretary-General, the European Union was concerned about the rapid increase in borrowing from peace-keeping budgets for the regular budget. Such measures were merely a short-term response to the cash crisis. It agreed with the Secretary-General that the suspension of payments to troop-contributing countries could undermine the willingness of those countries to participate in peace-keeping operations.

19. The Secretary-General had concluded his report by warning that unless Member States paid their assessed contributions, the Organization's capacity to serve them would be crippled and its viability threatened (A/50/666, para. 44). Only a few months remained in which to reverse that disturbing trend. The High-level Open-ended Working Group on the Financial Situation of the United Nations could serve as a useful instrument to that end. The European Union had made various proposals for a possible revision of the scales of assessment and the implementation of incentive and deterrent measures, with a view to achieving practical results in cooperation with all Member States. Consideration of a comprehensive package of measures should begin as soon as possible after the closure of the current session of the General Assembly.

20. Mrs. ARAGON (Philippines), speaking on behalf of the Group of 77 and China, said that the Group of 77 and China deeply regretted the fact that, on its fiftieth anniversary the United Nations was once again in a lamentable situation of uncertainty owing to the lack of adequate financial resources. The fundamental cause of the current financial difficulties was the failure of Member States, especially the larger contributors, to fulfil their obligations under the Charter in full and on time. The Group of 77 and China noted with deep concern that the dramatic increase in outstanding contributions was due in large part to unpaid assessments by the major contributor. By contrast, as at 18 October 1995, 54 out of 86 developing countries had made strenuous efforts to pay their contributions to the regular budget in full.

21. Ensuring a viable financial base for the Organization depended on the political will and commitment of Member States. The Group of 77 and China stressed the legal obligations of Member States to pay their assessed contributions under the Charter of the United Nations and the Financial Regulations. Those assessments had been established by consensus after careful consideration of the Secretary-General's budget proposals. While extending sympathetic understanding to those who were temporarily unable to pay owing to genuine economic difficulties, the Group of 77 and China found no justification for those who were able to pay but unilaterally withheld payment of their mandatory contributions for other reasons. Such an attitude was contrary to the letter and spirit of the Charter.

22. The Group of 77 and China were unable to share the view that the current cash-flow problem was somehow linked to the existing systems of assessment, which were the incremental result of shared experience and common understanding. It was simplistic and misleading to maintain that the answer lay in a revision of the scales of assessment; that would neither change the aggregate amount of revenues available nor guarantee better cash flows and prompt payments.

23. Any review of the financial situation should be based on the furtherance of common understanding and should seek to reach the broadest possible agreement within an equitable, democratic and consensual framework. To that end, the Group of 77 and China would continue to play a positive and constructive part in the work of the High-level Open-ended Working Group on the Financial Situation of the United Nations.

24. The Group of 77 and China welcomed the efforts to reform the United Nations, to eliminate wasteful expenditure and to improve efficiency. Such efforts were, however, doomed to failure if the Organization continued to operate in a virtually permanent state of financial stress. The Group of 77 and China therefore urged all Member States, especially the largest contributor, to make every effort to pay all their dues unconditionally, in full and on time.

25. Speaking on behalf of her own delegation, she said that her Government had recently paid its entire assessed contribution to peace-keeping operations and international tribunals.

26. Mrs. EMERSON (Portugal) said that Portugal currently had no outstanding contributions to the regular budget, peace-keeping operations or international

tribunals. She requested that the status of her country's contributions should be reflected in a corrigendum to document A/50/666/Add.1.

The meeting rose at 10.55 a.m.